

Gorham Telephone Company (SAC 411778)

Statement Regarding Voice Rate Comparability

47 C.F.R. § 54.313(a)(10)

Form 481, Line 1010

Gorham Telephone Company is a rural, rate of return regulated incumbent local exchange carrier operating in the state of Kansas, and is an eligible telecommunications carrier (ETC) designated by the Kansas Corporation Commission (KCC). As such, Gorham Telephone Company is subject to the regulatory authority of the KCC and operates under the relevant rules and laws of the state of Kansas.

Gorham Telephone Company hereby certifies that the pricing of its voice services is no more than two standard deviations above the national average urban rate for voice service, \$47.48, as specified in the April 16, 2015 Public Notice issued by the Wireline Competition Bureau of the Federal Communications Commission.

Gorham Telephone Company's residential voice service rates, including state fees and the federal subscriber line charge (SLC) are as follows.

Monthly rate for Gorham exchange is \$25.06.

Monthly rate for Waldo exchange is \$25.06.

Monthly rate for Luray exchange is \$25.86.

Monthly rate for Paradise exchange is \$25.86.

Average monthly rate is \$25.46.

Gorham Telephone Company (SAC 411778)

Progress Report on 5 Year Plan – Milestone Certification

47 C.F.R. § 54.313(f)(1)(i)

Form 481, Line 3010

Gorham Telephone Company hereby certifies pursuant to 47 CFR 54.313(f)(1)(i) that it is taking all reasonable steps to provide, upon reasonable request, broadband service at actual speeds of at least 4 mbps downstream and 1 mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, and that requests for such service are met within a reasonable time frame.

Gorham Telephone Company (SAC 411778)

Community Anchor Institutions

47 C.F.R. § 54.313(f)(1)(ii)

Form 481, Line 3012

Gorham Telephone Company did not begin providing broadband service to any community anchor institutions during 2014. The Company had previously provided broadband service meeting the Commission's public interest obligation standards to all community anchor institutions in its study area and, to the company's knowledge, no new community anchor institutions began operating in the Company's study area during 2014.

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential. BORROWER NAME Gorham Telephone Company (Prepared with Audited Data)
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INSTRUCTIONS: Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2014	BORROWER DESIGNATION KS0562
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CERTIFICATION We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)	
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.	<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report
Michael Murphy	3/30/2015 DATE

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	355,251	295,569	25. Accounts Payable	73,883	95,487
2. Cash-RUS Construction Fund	3	9	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	28,025	24,279
a. Telecom, Accounts Receivable			28. Customer Deposits	2,500	1,750
b. Other Accounts Receivable	58,304	3,148	29. Current Mat. L/T Debt	631,380	653,504
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	65,586	54,379	32. Income Taxes Accrued		
b. Other Accounts Receivable	181,224	142,756	33. Other Taxes Accrued	49,066	14,607
c. Notes Receivable			34. Other Current Liabilities	47,457	49,445
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	832,311	839,072
6. Material-Regulated	89,345	93,413	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes	3,516,190	2,854,052
8. Prepayments	10,524	15,929	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	760,237	605,203	39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Recaptured Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	1,712	1,712	46. Total Long-Term Debt (36 thru 45)	3,516,190	2,854,052
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities	55,913	74,858
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	1,712	1,712	50. Total Other Liabilities and Deferred Credits (47 thru 49)	55,913	74,858
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	8,345,666	8,345,551	51. Cap. Stock Outstand. & Subscribed	4,140	4,140
19. Property Held for Future Use			52. Additional Paid-in-Capital	376,226	376,226
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill	687,550	687,550	54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	4,332,135	4,831,924	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	4,701,081	4,201,177	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	678,250	659,744
	5,463,030	4,808,092	58. Total Equity (51 thru 57)	1,058,616	1,040,110
			59. TOTAL LIABILITIES AND EQUITY (35+46+60+58)	5,463,030	4,808,092

Total Equity = 21.63% % of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION KS0562
INSTRUCTIONS- See RUS Bulletin 1744-2		PERIOD ENDING December, 2014
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	713,797	624,505
2. Network Access Services Revenues	1,642,847	1,395,589
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	13,712	11,475
5. Miscellaneous Revenues	13,395	11,235
6. Uncollectible Revenues	(240)	1,154
7. Net Operating Revenues (1 thru 5 less 6)	2,383,991	2,041,650
8. Plant Specific Operations Expense	473,876	465,311
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	29,501	18,553
10. Depreciation Expense	528,728	518,072
11. Amortization Expense		
12. Customer Operations Expense	61,336	59,639
13. Corporate Operations Expense	576,234	663,782
14. Total Operating Expenses (8 thru 13)	1,669,675	1,725,357
15. Operating Income or Margins (7 less 14)	714,316	316,293
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes	51,603	56,215
20. Total Operating Taxes (17+18+19)	51,603	56,215
21. Net Operating Income or Margins (15+16-20)	662,713	260,078
22. Interest on Funded Debt	228,338	196,525
23. Interest Expense - Capital Leases		
24. Other Interest Expense	2	3
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)	228,340	196,528
27. Nonoperating Net Income	950	2,261
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	32,488	32,636
31. Total Net Income or Margins (21+27+28+29+30-26)	467,811	98,447
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	210,439	678,250
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		116,953
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	678,250	659,744
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)	0	0
44. Annual Debt Service Payments	833,498	832,698
45. Cash Ratio [(14+20-10-11) / 7]	0.5002	0.6189
46. Operating Accrual Ratio [(14+20+26) / 7]	0.8178	0.9689
47. TIER [(31+26) / 26]	3.0487	1.5009
48. DSCR [(31+26+10+11) / 44]	1.4696	0.9764

USDA-RUS						BORROWER DESIGNATION KS0562	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS						PERIOD ENDED December, 2014	
INSTRUCTIONS - See RUS Bulletin 1744-2							
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Gotham	19.75	16.75	44	129	173	82.28	82.28
Waldo	19.75	16.75	12	46	58	62.46	62.46
Luray	28.75	17.80	32	89	121	67.18	67.18
Paradise	28.75	17.80	14	56	70	69.46	69.46
Mobile/Wireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			102	320	422	281.38	281.38
No. Exchanges	4						

USDA-RUS							BORROWER DESIGNATION KS0562	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS							PERIOD ENDED December, 2014	
INSTRUCTIONS - See RUS Bulletin 1744-2								
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION								
4. BROADBAND SERVICE								
Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Gorham	189	104	1	768	384	88.90	Package	Fiber to the Home
Waldo	61	37	0	768	384	88.90	Package	Fiber to the Home
Luray	124	75	3	768	384	88.90	Package	Fiber to the Home
Paradise	73	41	2	768	384	88.90	Package	Fiber to the Home
Total	447	257						

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			BORROWER DESIGNATION KS0562 PERIOD ENDING December, 2014		
INSTRUCTIONS- See RUS Bulletin 1744-2					
PART D. SYSTEM DATA					
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile	
3	3	396	1.07	1.50	
PART E. TOLL DATA					
1. Study Area ID Code(s) a. 411778 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <div style="display: flex; justify-content: space-between;"> <div> Interstate: <input type="checkbox"/> Average Schedule Intrastate: <input type="checkbox"/> Average Schedule </div> <div> <input checked="" type="checkbox"/> Cost Basis <input checked="" type="checkbox"/> Cost Basis </div> </div>			
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					18,167
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					18,167
PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION KS0562 PERIOD ENDING December, 2014
PART H. CURRENT DEPRECIATION RATES	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) <input checked="checked" type="checkbox"/> YES <input type="checkbox"/> NO 	
EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	26.27%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	23.98%
5. Land and support assets - Buildings	5.02%
6. Land and support assets - Furniture and Office equipment	15.57%
7. Land and support assets - General purpose computers	18.57%
8. Central Office Switching - Digital	11.58%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	16.00%
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	16.00%
18. Cable and wire facilities - Poles	15.81%
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	5.38%
22. Cable and wire facilities - Underground cable - Fiber	5.38%
23. Cable and wire facilities - Buried cable - Metal	5.68%
24. Cable and wire facilities - Buried cable - Fiber	5.68%
25. Cable and wire facilities - Conduit systems	6.48%
26. Cable and wire facilities - Other	

USDA-RUS		BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		KS0562
		PERIOD ENDED December, 2014
INSTRUCTIONS – See help in the online application.		
PART I – STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		355,254
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		98,447
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
3. Add: Depreciation		518,072
4. Add: Amortization		0
5. Other (Explain) See Audited Financial Statements		23,013
Changes in Operating Assets and Liabilities		
6. Decrease/(Increase) in Accounts Receivable		104,831
7. Decrease/(Increase) in Materials and Inventory		(4,068)
8. Decrease/(Increase) in Prepayments and Deferred Charges		(5,405)
9. Decrease/(Increase) in Other Current Assets		0
10. Increase/(Decrease) in Accounts Payable		21,604
11. Increase/(Decrease) in Advance Billings & Payments		(3,746)
12. Increase/(Decrease) in Other Current Liabilities		(32,471)
13. Net Cash Provided/(Used) by Operations		720,277
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		0
15. Increase/(Decrease) in Notes Payable		0
16. Increase/(Decrease) in Customer Deposits		(750)
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		(640,014)
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		18,945
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		0
20. Less: Payment of Dividends		(116,953)
21. Less: Patronage Capital Credits Retired		0
22. Other (Explain) See Audited Financial Statements		(18,945)
23. Net Cash Provided/(Used) by Financing Activities		(757,717)
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		115
25. Other Long-Term Investments		0
26. Other Noncurrent Assets & Jurisdictional Differences		0
27. Other (Explain) See Audited Financial Statements		(22,351)
28. Net Cash Provided/(Used) by Investing Activities		(22,236)
29. Net Increase/(Decrease) in Cash		(59,676)
30. Ending Cash		295,578

Revision Date 2010

USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	KS0562
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION KS0562
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	